

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1211-02  
Bill No.: HB 514  
Subject: Taxation and Revenue - General and Income  
Type: Original  
Date: February 24, 2003

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund*</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>

\*Could exceed \$100,000 in any year.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials of the **Department of Revenue (DOR)** assume this legislation changes the net operating loss (NOL) provisions by allowing any taxpayer who was not allowed to carry back the loss due to legislation changes in SB 1248 (last session) to carry forward the loss for up to 20 years. It also excludes farmers from the NOL add back provisions.

There will be minimal administrative impact to DOR.

DOR assumes the Office of Administration, Budget and Planning should estimate the revenue impact.

**Oversight** assumes this legislation allows a taxpayer to carry forward certain net operating losses disallowed in last year's Senate Bill 1248. Since no costs or revenues were included in SB 1248 for reducing the limits on a NOL, **Oversight** assumes this proposal would create an unknown loss of revenue that could exceed \$100,000 in any year.

**This proposal could decrease Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>GENERAL REVENUE FUND</b>			
<u>Loss - General Revenue Fund</u>			
Carryforward of NOL	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>TOTAL ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*</b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>
*Could exceed \$100,000 in any year.			

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

FISCAL IMPACT - Small Business

Small businesses with net operating losses could be impacted as a result of this proposal.

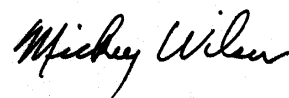
DESCRIPTION

This proposal permits a carry forward of certain net operating losses.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue



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